

Message Text

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47

ACTION EB-07

INFO OCT-01 AF-06 ARA-10 EUR-12 EA-09 NEA-10 IO-10 ISO-00

AGR-10 SSO-00 PA-02 PRS-01 USIE-00 SS-15 NSC-05

NSCE-00 CIAE-00 INR-07 NSAE-00 INRE-00 L-03 COME-00

TRSE-00 SP-02 /110 W

----- 109386

O R 121935Z NOV 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 6483

INFO AMEMBASSY CANBERRA

AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

AMEMBASSY BUJUMBURA

AMEMBASSY BOGOTA

AMEMBASSY SAN JOSE

AMEMBASSY SANTO DOMINGO

AMEMBASSY QUITO

AMEMBASSY SAN SALVADOR

AMEMBASSY ADDIS ABABA

AMEMBASSY ACCRA

AMEMBASSY GUATEMALA

AMEMBASSY CONAKRY

AMEMBASSY PORT AU PRINCE

AMEMBASSY TEGUCIGALPA

AMEMBASSY NEW DELHI

AMEMBASSY JAKARTA

AMEMBASSY KINGSTON

AMEMBASSY NAIROBI

AMEMBASSY MONROVIA

AMEMBASSY MEXICO

AMEMBASSY MANAGUA

AMEMBASSY YAOUNDE

AMEMBASSY BANGUI

AMEMBASSY COTONOU

AMEMBASSY LIBREVILLE

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AMEMBASSY ABIDJAN

AMEMBASSY TANANARIVE
AMEMBASSY LOME
AMEMBASSY PANAMA
AMEMBASSY ASUNCION
AMEMBASSY LIMA
AMEMBASSY LISBON
AMEMBASSY KIGALI
AMEMBASSY FREETOWN
AMEMBASSY DAR ES SALAAM
AMEMBASSY PORT OF SPAIN
AMEMBASSY CARACAS
AMEMBASSY KINSHASA
AMEMBASSY LAGOS
AMEMBASSY LA PAZ
USMISSION GENEVA
USMISSION EC BRUSSELS
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LUXEMBOURG
AMEMBASSY OSLO
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ETRD, EAGR

SUBJECT: PRESS COVERAGE ON COFFEE NEGOTIATIONS

1. THE FOLLOWING ARTICLE FROM THE FINANCIAL TIMES, NOVEMBER 12, 1975 OUTLINES U.S. CONCEPT OF A NEW INTERNATIONAL COFFEE AGREEMENT. ARTICLE GIVES FAIRLY CLOSE ACCOUNT OF U.S. POSITION ON THE NEGOTIATIONS EXCEPT THAT U.S. DEL HAS NOT SPECIFICALLY SUPPORTED EXPORT PERFORMANCE AS A CRITERIA IN THE VARIABLE PORTION OF QUOTA.

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2. BEGIN TEXT. THE U.S. EXPECTS THE WORLD COFFEE MARKET TO BE IN A STATE OF "FREE-FOR-ALL" FOR THE NEXT FEW YEARS ACCORDING TO MR. JULIUS KATZ, HEAD OF THE U.S. DELEGATION AT THE INTERNATIONAL COFFEE COUNCIL'S CURRENT LONDON TALKS ON THE PROPOSED NEW INTERNATIONAL AGREEMENT.

HE SAID YESTERDAY THE BRAZILIAN FROST DISASTER

HAD CHANGED THE WORLD SUPPLY SITUATION TO THE EXTENT THAT NO QUOTA RESTRICTIONS WERE LIKELY TO BE OPERATIVE FOR THE NEXT TWO, THREE OR EVEN FOUR YEARS BUT STRESSED THAT THE U.S. STILL SEES THE PROPOSED NEW COFFEE AGREEMENT AS IMPORTANT, IF ONLY AS A "STANDBY MECHANISM".

MR. KATZ SAID THAT PUTTING OFF THE AGREEMENT WOULD LEAVE THE MARKET IN A STATE OF UNCERTAINTY AND WOULD DENY PRODUCERS ADEQUATE INCENTIVES TO RESTORE PRODUCTION TO NORMAL LEVELS. "WE ARE FACING HIGH PRICES IN THE NEXT SEVERAL YEARS BUT IT SHOULD BE POSSIBLE TO WORK SOMETHING OUT BASED ON CURRENT REALITIES", HE SAID, PROVIDING FOR THE RESUMPTION OF PRICE STABILISATION MECHANISMS WHEN SUPPLY MOVED BACK INTO SURPLUS.

THE U.S. STILL FAVOURED A FLEXIBLE APPROACH TO QUOTA LEVELS WITH ABOUT 70 PERCENT ON A FIXED BASIS AND THE REMAINDER VARYING ACCORDING TO STOCK LEVELS AND QUOTA PERFORMANCE.

THE AGREEMENT BEING CURRENTLY NEGOTIATED IS SCHEDULED TO COME INTO EFFECT NEXT OCTOBER 1 AND WILL PROBABLY LAST FOR SIX YEARS. END TEXT.

RICHARDSON

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